

California Department of Corrections Financial Information Memo

SUBJECT:

ESCHEAT AND UNCLAIMED FUNDS

FIM NUMBER:**2004-09****REFERENCES:****DATE: August 18, 2004**

State Administrative Manual Sections 8042, 8281, 8283, 8580.5, 18420,
18424 et. seq., 19425.1 et. seq.
Government Code Section 16373, 16374
Penal Code Sections 5061, 5062
AIM 99-06

DISTRIBUTION

Regional Accounting Offices
Headquarters Accounting Services Section
Inmate Welfare Fund/Trust Accounting Office
Associate Wardens, Business Services
Regional Parole Administrators

PURPOSE

This Financial Information Memo provides clarification regarding deposits to the Escheat Revenue Account, the Unclaimed Trust Account and the Unclaimed Property Account.

BACKGROUND

The State of California and the California Department of Corrections (CDC) disburse funds by a variety of instruments and from various accounts. In addition, the CDC holds money in trust for individuals, including restitution for crime victims, and personal funds for inmates. The CDC also receives money through the mail that can not be identified to an individual or a departmental Program.

The disbursement instrument used, the account of disbursement, and the original source of funds all must be considered in determining disposition when a check or warrant remains un-cashed, or when the check or warrant remains un-claimed. The State Administrative Manual (SAM) defines un-cashed as being outstanding over one year, what we commonly refer to as stale-dated, and unclaimed as meaning the owner can not be found and the check or warrant issued can't be sent or has been returned.

Disbursement instruments include warrants, agency checks and bank drafts.

- Warrants: The State Controller's Office (SCO) issues warrants from a State Fund in the State Treasury.

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- Agency Checks: The CDC issues checks from a Department bank account established within the State Treasury Banking System.
- Bank Drafts: The CDC issues bank drafts payable through a specific bank upon presentation by an entity honoring the draft for a purchase. The funds are not recorded as disbursements until the CDC redeems the bank drafts from the bank.

The account of disbursement may be one of the following:

- Appropriation Account – State funds appropriated for CDC expenditure and maintained in the State Treasury by the SCO. The SCO issues warrants from an appropriation account.
- Revenue Account – Current and prior year revenue maintained in a fund in the State Treasury by the SCO. The SCO issues warrants for revenue refunds.
- Special Deposit Fund Account – an account established by CDC in the State Treasury, maintained by the SCO, to receive and disburse funds for a special purpose not initially identified in legislation. The SCO issues warrants from a Special Deposit Fund account.
- General Cash – Revenue, reimbursements or abatements deposited in a CDC bank account to be remitted to a revenue or an appropriation account, including the Special Deposit Fund. Also, unidentified receipts that can't be returned, or receipts sent to CDC in error and which will be refunded. The CDC issues checks from General Cash.
- Office Revolving Fund (ORF) – money advanced from an appropriation account to a CDC bank account for use in making travel, salary or expense advances. The CDC issues checks from the ORF.
- Trust account – an individual's money held in trust by CDC in a bank account. Typically, in CDC money held in trust belongs to inmates. The CDC issues checks from Trust Accounts.

There are three accounts into which unclaimed funds may be deposited:

- The Escheat Account is a Revenue account in a Fund, identified separately from other Revenue by a specific Receipt Source Code.
- The Unclaimed Trust account is an account in the Special Deposit Fund, as provided in SAM. The SCO establishes this account when an agency first remits money to it.

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- The Unclaimed Property Fund, Abandoned Property Account holds individual's property in perpetuity until claimed by its rightful owner. This fund and account is kept by the SCO.

Appropriation, General Cash, ORF and most Special Deposit account money is usually State funds to be used by CDC for the purposes provided in the legislation that appropriated the funds. Alternatively, Trust Account money, and money in the Special Deposit Fund Unclaimed Trust and Restitution accounts, though legally State money, belong to individuals and are held in trust by CDC for those individuals.

DISCUSSION

In identifying the proper disposition of unclaimed money, the source and ownership of the money must be considered. These factors will help in determining if the money should be deposited to an escheat account, to one of the Department's account, or into the Unclaimed Trust or Unclaimed Property Account.

Bank drafts not cashed after one year will be cancelled, as the bank should not accept and the Department will not redeem them after that. There is no money disbursed by the Department until the CDC redeems the bank draft from the bank, so no deposit or re-deposit is required.

Listed below are the available dispositions of unclaimed money, and the situations under which each should be chosen.

DEPOSIT/REMIT TO THE ESCHEAT ACCOUNT

The SCO will remit a warrant issued as an expenditure or a revenue refund to the escheat revenue account in the fund from which it was originally drawn when it becomes stale-dated, or is returned undeliverable and a proper address can not be determined. See SAM 8281.

An advance check issued from the ORF, and for which the ORF has been reimbursed, becomes stale-dated, or is returned undeliverable and a proper address can not be determined. See SAM 8042.

A salary warrant that cannot be delivered within 90 calendar days. See SAM 8580.5.

A general cash agency check for revenue refund that is returned undeliverable and a proper address can not be determined. See SAM 8042.

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DEPOSIT TO THE OFFICE REVOLVING FUND

An advance check issued from the ORF, and for which the ORF has NOT been reimbursed, is returned undeliverable and a proper address cannot be determined, or becomes stale-dated. See SAM 8042.

RETURN FUNDS TO AN INDIVIDUAL'S TRUST ACCOUNT

Unclaimed or stale-dated trust distribution checks, where the inmate account remains active. See SAM 8042 and 18424.2.

REMIT TO UNCLAIMED PROPERTY ACCOUNT IN THE UNCLAIMED PROPERTY FUND

Unclaimed trust funds of an escaped or discharged inmate, after being held by CDC for three years from the date of escape, parole or discharge. See Penal Code (PC) 5062 and Government Code (GC) 16373.

Unclaimed trust funds of a paroled inmate, after being held by CDC for three years from the date of escape, parole or discharge. An amount of \$5.00 or less may be remitted to the Inmate Welfare Fund. See PC 5062 and GC 16373.

The balance of a deceased inmate's Trust Account unclaimed after one year. See PC 5061(c) and Code of Civil Procedure Section 1446.

DEPOSIT/REMIT AS ABATEMENT TO THE ORIGINAL APPROPRIATION

A returned ORF agency check for which ORF has been reimbursed, or a warrant, that was issued as a duplicate expenditure payment in error. See abatement procedures.

DEPOSIT/REMIT TO UNCLAIMED TRUST ACCOUNT

Any unclaimed money required by law or trust agreement to be deposited into the Special Deposit Fund. See SAM 18424.2.

Any money for which ownership can not be determined, including deposits, not required by law to be deposited into a fund. See SAM 28424.4 and GC 16373.

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ACTION REQUIRED

Use the information in this FIM to assist you in the proper disposition of unclaimed money and returned or stale-dated checks and warrants.

If you have further questions regarding this FIM, please contact Paul Thatcher, Chief, Accounting Policies and Procedures Section, at (916) 322-6051.

ORIGINAL SIGNED BY

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